



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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November 18, 2002

The Honorable Gammie G. Poindexter
Chief Judge
County of Sussex General District Court
15098 Courthouse Road
Sussex, VA 23884

The Honorable Charles A. Perkinson, Jr.
Chief Judge
County of Sussex Juvenile and
Domestic Relations District Court
216 North Main Street
Lawrenceville, VA 23868

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Sussex District Court for the period July 1, 2001 through September 30, 2002.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Increase Supervisory Review and Staff Training

The Clerk does not provide appropriate supervisory review, which resulted in errors and omissions in various areas of the clerk's office operations. Specifically, we found the following:

- The Clerk does not review and authorize the daily reports. Due to the small staff size and the high level of automated system access of most staff, a separation of duties is not possible. Therefore, proper supervisory review is critical to the timely detection and correction of errors. For example, staff did not properly reconcile state collections allowing an \$85 discrepancy to go undetected for over 12 months. The Clerk needs to ensure the account balances are properly reconciled and reflected in the automated system. She should review her staff's work daily to ensure the accuracy, appropriateness, and completeness of financial transactions.

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- The Clerk did not consistently document the reasons for voided receipts as required by Financial Management System Users Guide. Failure to follow the proper procedures for handling voided receipts increases the risk of errors, omissions or misappropriation of funds.
- In four of 20 cases tested, staff had to update account receivable information to correct errors caused by improper data entry as well as a failure to follow proper office procedures. While the staff did identify these errors, time spent correcting errors is inefficient and errors also increase the risk that the Court may not take proper or timely action on collection of outstanding receivable balances.
- The Clerk should review staff work daily to ensure that they perform their duties timely, follow acceptable accounting practices, and resolve any discrepancies or exceptions. If errors and omissions result from a lack of understanding of the court's automated systems and accounting procedures, the Clerk should seek additional training for employees through the Supreme Court.

Establish Staff Accountability Over Cash

We noted six separate incidents in a 15-month period involving cash shortages totaling \$140. The Clerk attributed these shortages to change errors; however, she cannot identify the source of the errors due in part to the lack of cash drawer accountability. The Clerk contacted the Supreme Court of Virginia for guidance on establishing cash drawers for each employee. We encourage her to establish and implement new procedures as quickly as possible. Proper staff accountability of cash helps reduce the risk of errors and misappropriation of funds.

We discussed these comments with the Clerk on November 18, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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cc:

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